





CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

June 16, 2008

The Honorable Gavin Newsom
Mayor, City and County of San Francisco
Room 200, City Hall

The Honorable Members, Board of Supervisors
Room 244, City Hall

The Honorable Members, San Francisco Health Commission
101 Grove Street, Room 311

Dear Mayor Newsom, Ladies and Gentleman:

DOCUMENTS DEPT.

JUN 17 2008

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I am transmitting with this letter two presentations on the Department of Public Health (DPH) Revenue Maximization Project: an independent assessment of DPH's revenue cycle processes at San Francisco General Hospital, Laguna Honda Hospital, Community Health Centers, and Behavioral Health Services; and a final report on the implementation of select recommendations based on that assessment.

This analysis was performed by Phase 2 Consulting under contract to the Controller's Office as part of its City Services Auditor Charter mandate. Phase 2 is a nationally-recognized health policy consulting firm with extensive experience in revenue maximization initiatives at major public health organizations.

The revenue cycle includes all processes that occur from the time the patient has initial contact with a DPH healthcare professional through treatment, discharge, billing, and collection of fees for the services provided. Key areas of Phase 2's work performed for the City were:

- reviewing organizational structure and staffing of DPH's revenue cycle functions;
- analyzing collections versus net revenue;
- comparing DPH's charges to the larger health market;
- analyzing no-payment and accounts receivable reserve data; and,
- identifying revenue enhancement opportunities based on these analyses.

Based on Phase 2's analysis and recommendations, DPH completed implementation of nine key recommendations in May 2008, which will provide DPH with an annual revenue enhancement of \$9.7 million and produce a one-time revenue gain of \$10.7 million.

Among the reports' critical findings are:

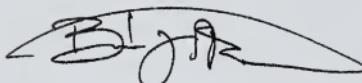
- **DPH is collecting 100% of expected patient service revenue.** based upon a detailed analysis of overall cash collections over a four-year period. DPH's bad debt write-off rate of 4% for inpatient accounts and 10% for outpatient and emergency accounts is in accordance with benchmarks for other non-profit public systems of its size.

- **DPH's revenue cycle processes and procedures are among the most complete and effective** as compared with other large public health systems in the nation. Organizational structure, policies and procedures and work flow processes are in line with industry best practices. Much of the information technology and systems used within the revenue cycle are progressive and up-to-date.
- **Over seven million dollars gained through strategic pricing.** Phase 2 identified opportunity for DPH to selectively and strategically align pricing of some medical procedures and services with the local market. San Francisco General Hospital is currently \$923 below the peer average of public hospitals in charge per adjusted admission. Pricing adjustments that will take effect in fiscal year 2008-09 will result in \$7.4 million in additional revenue on an annual basis. For example, the combined effect of increasing the prices of emergency room trauma services (which are currently below market) while decreasing the prices of obstetrics/gynecology services (above market), will result in slightly positive (up to 5%) net revenue benefit to the hospital in a variety of charge areas.
- **Over two million dollars identified in accounts receivable.** Phase 2 also identified opportunity (\$2.3 million annually) for DPH to further automate the accounts receivable management process and enhance cash collections through point-of-service collections from patients. Patients are assessed a reasonable co-payment fee for medical services at DPH clinics or General Hospital, in keeping with the sliding scale matrix and the patient's ability to pay.
- **Other revenue enhancement opportunities** identified and implemented by Phase 2 include increased efficiency of the Emergency Department triage process, the production of a revenue cycle indicator report that DPH management can use to track revenue flow in real time, and a real-time eligibility screening tool for Behavioral Health Services.

The attached presentation entitled "DPH Rev Max Health Commission Presentation 09.25.07" summarizes Phase 2 Consulting's analyses and recommendations which were discussed at the San Francisco Health Commission on September 25, 2007. The attached presentation entitled "DPH Rev Max Implementation Outcome Report 05.30.08" summarizes the implementation of key recommendations reported to DPH senior financial staff on May 30, 2008.

If we can answer any questions or provide additional information on these findings, please feel free to contact Peg Stevenson, Catherine Moller-Spaulding, Randle McClure or me at 554-7500.

Sincerely,



Ben Rosenfield
Controller

cc: Mitch Katz, Public Health Director



San Francisco

Department of Public Health

Revenue Maximization Project Summary

September 25, 2007



Agenda

- *Project Overview*
- *Project Tasks*
- *Executive Summary*
- *Key Findings*
- *Recommendations*
- *Financial Opportunity*
- *Implementation Plan*



Project Overview

- The Controllers Office and Department of Public Health engaged Phase 2 Consulting to perform a Revenue Maximization assessment of its current revenue cycle processes.
- Included in this assessment for the Department of Public Health are San Francisco General Hospital, Community Health Centers, Laguna Honda Hospital, and Behavioral Health Services.
- Phase 2 Consulting interviewed staff, analyzed data, and gained an understanding of revenue cycle processes in order to identify strengths, weaknesses, and provide recommendations to maximize revenue for the Department of Public Health.
- Thank you to the Controllers Office and Department of Public Health for their time and assistance in gathering data, answering questions, reviewing deliverables, providing feedback, and helping facilitate the delivery of this project.

Summary of Project Tasks

Included in the Revenue Maximization Project are the following tasks:

- Stage I: Assessment and Validation
 - Task 1.A – Project Kick-off and Current Initiatives Assessment
 - Task 1.B – Organizational Structure and Staffing Review
 - Task 1.C – Interviews, Data Analysis, Benchmarking & Gap Analysis
 - Task 1.D – Cash Collections to Net Revenue & Accounts Receivable Reserve Review
 - Task 1.E – No Payment Analysis
 - Task 1.F – Identify Key Productivity and Performance Targets
 - Task 1.G – Summarize Implementation Initiatives and Opportunities
- Stage II: Implementation
 - Task 2.A – Create an Implementation Work Plan for Short to Mid-Range Revenue Cycle Opportunities
 - Task 2.B – Implement Selected Initiatives
 - Task 2.C – Healthy San Francisco Administrative Cost and Payment Analysis

This report summarizes the findings and recommendations related to the Stage I Assessment and Validation of this project.

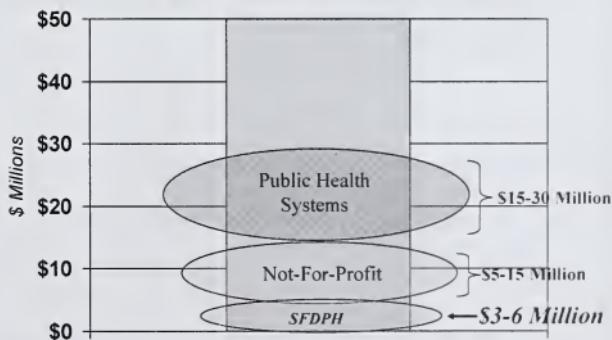
Executive Summary

- San Francisco Department of Public Health revenue cycle processes and procedures are among the most complete and effective as compared with other large public health systems with whom Phase 2 Consulting has worked with.
- Key revenue cycle leaders within the Department of Patient Financial Services have done a great job of implementing structural and procedural changes throughout the city health care system to greatly enhance revenue cycle functions.
- Overall organizational structure, policies and procedures, and work flow processes are in line with industry best practices.
- Much of the information technology and systems used within the revenue cycle are progressive and up-to-date as compared with other public systems; however, the current general ledger information system used by the City does limit the amount of real-time budget information available to departmental managers.
- Some operational opportunities exist to maximize revenue through point-of-service collections, account follow-up, strategic pricing and MediCal process management.



Executive Summary Financial Opportunity

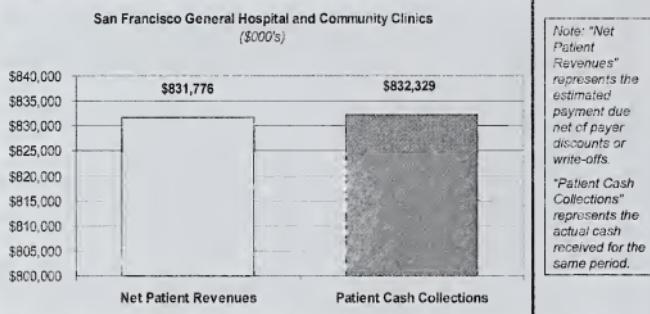
Typical financial opportunity by facility



Key Findings

Cash to Net Revenue Reconciliation

- Over the 56 month period from July 1, 2002 through February 28, 2007, San Francisco General Hospital and Community Clinics collected 100% of net collectible patient revenue. The amount of net patient revenue being recorded by the City appears to be accurate and fully collected.



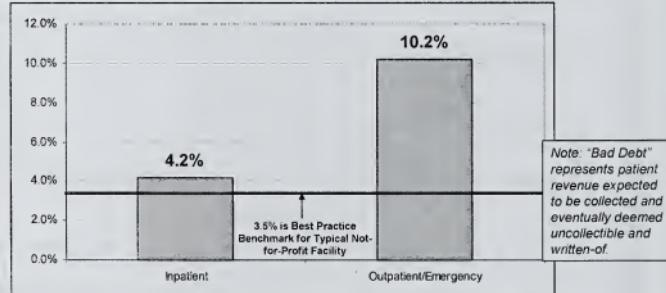
Note: includes bad debt for San Francisco General, Community Clinics, and Laguna Honda

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Key Findings

Bad Debt Write-off Analysis

- Bad Debt write-offs as a percent of total revenue were 4.2% for Inpatient and 10.2% for Outpatient services.
- Many accounts written-off were related to patient-responsible balances not collected at the time of service.



Note: includes bad debt for San Francisco General, Community Clinics, and Laguna Honda.

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Summary of Key Recommendations Immediate Impact

POINT-OF-SERVICE COLLECTIONS OPPORTUNITY:

- Phase 2 Consulting performed a "No Payment Analysis" as part of the overall revenue cycle assessment to identify accounts with no type of payment within a one year period of time (July 1, 2005 through June 30, 2006).
- Phase 2 Consulting then took a sample of accounts with no payment to determine the specific reason for why the account had not been paid.
- Phase 2 Consulting identified an \$1-2 million opportunity to increase collection of patient-responsible co-payments that had been written-off to bad debt as amounts were not collected at the point-of-service.

Recommendation – Develop and implement a point-of-service collections policy to increase collection of patient-responsible balances at the time of service (*Implementation by Phase 2 Consulting*).

Summary of Key Recommendations Immediate Impact

EMERGENCY DEPARTMENT:

- San Francisco General Hospital has a large volume of emergency visits from both truly emergent and non-emergent patients (lower acuity). A Qualified Medical Professional could screen out non-emergent cases and either collect a co-payment to continue treatment, or redirect care to a community clinic.
- Enhancing the triage screening process not only begins to re-shape the behavior of those non-emergent patients using the emergency department as a primary care clinic, but also frees up the rooms and capacity to accept more trauma and truly emergent patients.

Recommendations – Implement a "triage screening process" in the emergency department to ensure that non-emergent patients are directed to the proper site of service (community clinic and/or urgent care), and re-allocate one of the emergency department registration clerks as an additional eligibility clerk during peak shifts (*Implementation by Phase 2 Consulting and San Francisco Department of Public Health*).

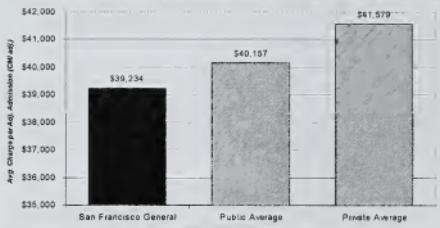
Summary of Key Recommendations

Immediate Impact

STRATEGIC PRICING OPPORTUNITY:

- San Francisco General's charges are aligned with comparison facilities and below private facilities. Average charge per adjusted admission for San Francisco General is \$39,234 compared to \$40,157 for comparison facilities¹, a difference of \$923 (2.5%) per adjusted charge per admission. Private facilities² averaged \$41,579 per adjusted admission, \$1,422 or 4% above public facilities.
- Increasing charges to peer averages would result in an increase of \$23.9 million in gross annual revenue. Based on the payer-mix, a strategic increase, targeting specific procedures and services that pay a percent of charges, could result in an additional \$750,000 - \$1,000,000 annual net revenue (cash).

Average Charge per Adjusted Admission (case mix index adjusted)



Note: "Average Charge per Adjusted Admission (case mix adjusted)" is a measure to adjust for differences in inpatient and outpatient service mix and acuity.

¹ includes Highland/Alameda County, UCSF, UC-Davis

² includes Stanford, CPMC, St. Luke's, St. Mary's, St. Francis



Department of Public Health

Source: Solucient, American Hospital Directory

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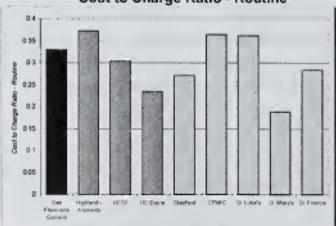
Summary of Key Recommendations

Immediate Impact

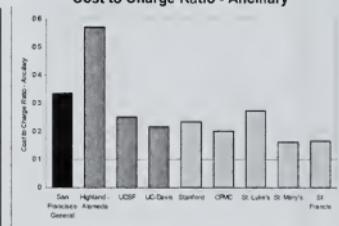
STRATEGIC PRICING CONTINUED...

- The cost to charge measures the mark-up of price relative to cost. A lower cost to charge ratio is favorable for contracts that pay a percent of charge to cover cost plus create a margin. San Francisco General Hospital's routine cost to charge ratio is 0.3306. This is 12% higher than other public facilities which average 0.3040. Private facilities average 0.2948.
- San Francisco General Hospital's ancillary cost to charge ratio is 0.3367. This is 6% lower than peer facilities which average 0.3465 (0.2345 excluding Highland/Alameda County). Private facilities average 0.2072.

Cost to Charge Ratio - Routine



Cost to Charge Ratio - Ancillary



Source: Solucient, American Hospital Directory



Department of Public Health

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Summary of Key Recommendations

Immediate Impact

Summary of Pricing Opportunity

- **Charges for San Francisco General Hospital services are slightly below other area public hospitals and much lower than other area private facilities.**
- **Strategic price increases targeted in key service areas would align San Francisco General's charge structure without significant increases in overall total charges.**
- **This strategic pricing realignment results in \$750,000 - \$1,000,000 of additional net revenue.**

Recommendation – Develop and implement a strategic pricing alignment strategy to better align prices with local market to enhance reimbursement opportunities (*Implementation by Phase 2 Consulting*).



Department of Public Health

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Summary of Key Recommendations

Immediate Impact

OTHER IMMEDIATE RECOMMENDATIONS:

- Add an additional two to four full time equivalents to the accounts receivable follow-up group to address the large volume of outpatient accounts (*Implementation by San Francisco Department of Public Health*)
- Implement automated account follow-up process using receivable workstations or other type of automated tool to increase timeliness and efficiency of accounts receivable follow-up and collections (*Implementation by Phase 2 Consulting*)
- Develop and implement automated tool and follow-up process for denials management function (*Implementation by Phase 2 Consulting*)
- Reduce mental health insurance-related denials and write-offs by providing registration personnel access to "HDX" eligibility system. This system allows clerks to look online in a real time manner to see if patient indeed has active insurance coverage and amount of any co-payments (*Implementation by Phase 2 Consulting and San Francisco Department of Public Health*)



Department of Public Health

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Summary of Key Recommendations

Short to Mid-Range Impact

SHORT-RANGE (6-12 months)

- Develop and implement a better prioritized utilization review follow-up tool and process to ensure more timely completion of MediCal treatment authorization requests and MediCal payment (*Implementation by Phase 2 Consulting*).
- Develop and implement a comprehensive revenue cycle indicator Report to track key performance indicators on a timely weekly and monthly basis (*Implementation by Phase 2 Consulting*).
- Research and identify electronic submission process for treatment authorization requests at Laguna Honda Hospital (*Implementation by Phase 2 Consulting*).

MID-RANGE (1-2 years)

- Assign at least one full-time system support specialist to be directly focused on patient financial services systems and reporting (*Implementation by San Francisco Department of Public Health*).
- Begin to develop a transition plan to prepare for the retirement of leaders in key revenue cycle positions (*Implementation by San Francisco Department of Public Health*).

Revenue Maximization Project Summary

Summary of Financial Opportunity

By implementing the key recommendations over the next six to twelve months, Phase 2 Consulting believes San Francisco's Department of Public Health can:

- Maximize its current revenue stream by **\$3-6 million** annually.
- Add a one-time net increase to its current cash flow of **\$8-11 million**.

REVENUE:

Eligibility and Coordination of Benefits

	LOW	HIGH
Eligibility and Coordination of Benefits	\$ 600,000	\$ 1,200,000
Point-of-Service Collections	\$ 850,000	\$ 1,700,000
Strategic Pricing Alignment	\$ 750,000	\$ 1,000,000
Accounts Receivable Management	\$ 900,000	\$ 1,800,000
Laguna Honda Process Changes	\$ 350,000	\$ 700,000
TOTAL	\$ 3,450,000	\$ 6,400,000
Less: Investment in Additional Resources	<u>\$ (180,000)</u>	<u>\$ (300,000)</u>
GRAND TOTAL	\$ 3,270,000	\$ 6,100,000

Point-of-Service Collections

Strategic Pricing Alignment

Accounts Receivable Management

Laguna Honda Process Changes

TOTAL

Less: Investment in Additional Resources

GRAND TOTAL

ONE TIME CASH FLOW:

Medical Records Throughput

	LOW	HIGH
Medical Records Throughput	\$ 750,000	\$ 1,500,000
Utilization Review and Pending Treatment Authorization Request Throughput	\$ 5,000,000	\$ 5,000,000
Accounts Receivable Management	\$ 2,400,000	\$ 4,800,000
GRAND TOTAL	\$ 8,150,000	\$ 11,300,000

Utilization Review and Pending Treatment Authorization Request Throughput

Accounts Receivable Management

GRAND TOTAL

Summary of Implementation Plan

KEY IMPLEMENTATION INITIATIVES

	ESTIMATED COMPLETION
Automated Tools and Process for Denials Management	November-07
Strategic Pricing Alignment	November-07
Develop and Implement Comprehensive Revenue Cycle Indicator Report	November-07
Point-of-Service Collection of Process	December-07
Triage Screening Process Re-alignment in Emergency Department	December-07
Automated Tools and Process for Accounts Receivable Follow-up	December-07
Streamline Process for MediCal Treatment Authorization Request Follow-up Process	December-07

Revenue Maximization Project

Implementation Outcomes Final Report

May 30, 2008



Project Overview

- From February to September 2007, Phase 2 Consulting was engaged by the San Francisco Department of Public Health to perform a Revenue Maximization Assessment.
- Upon completion of the revenue maximization assessment, Phase 2 Consulting and the San Francisco Department of Public Health agreed upon the 9 final recommendations to be implemented as part of the Revenue Maximization project.
- Phase 2 Consulting created and utilized an Implementation Work Plan to guide the implementation process (see Appendix 1 at page 26 for example). Implementation work was completed between December 2007 and May 2008.
- This report summarizes the implementation process and final outcome for each of the respective implementation tasks.

Summary of Financial Opportunity

- Phase 2 Consulting originally estimated that implementation of the 23 identified opportunities identified from the assessment would maximize current revenue streams by an average of **\$4.8 million**, and an average one-time increase to its current cash flow of **\$10 million**.
- Our updated estimate from the implementation of the 9 selected recommendations to date indicates that current revenue streams will increase by **\$9.7 million**, and a one-time increase to its current cash flow of **\$10.7 million**.

	ORIGINAL ESTIMATE	UPDATED ESTIMATE
REVENUE:		
Eligibility and Coordination of Benefits	\$ 900,000	\$ 250,000
Point-of-Service Collections	\$ 1,250,000	\$ 900,000
Strategic Pricing Alignment	\$ 1,000,000	\$ 740,000
Accounts Receivable Management	\$ 1,350,000	\$ 1,350,000
Laguna Honda Process Changes	\$ 500,000	\$ -
TOTAL	\$ 5,000,000	\$ 9,900,000
Less Investment in Additional Resources	\$ (225,000)	\$ (225,000)
GRAND TOTAL	\$ 4,775,000	\$ 9,675,000
ONE TIME CASH FLOW:		
Medical Records Throughput	\$ 1,500,000	\$ 2,200,000
Utilization Review and Pending Treatment Authorization Request Throughput	\$ 5,000,000	\$ 5,000,000
Accounts Receivable Management	\$ 3,500,000	\$ 3,500,000
GRAND TOTAL	\$ 10,000,000	\$ 10,700,000



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Department of Public Health

Summary of Recommendation Tasks

1. POINT-OF-SERVICE COLLECTIONS PROCESS IMPLEMENTATION
2. EMERGENCY TRIAGE SCREENING PROCESS IMPLEMENTATION
3. STRATEGIC PRICING ANALYSIS AND NEW PRICING IMPLEMENTATION
4. ACCOUNTS RECEIVABLE FOLLOW-UP TOOL IMPLEMENTATION
5. MEDI-CAL PHARMACY CHARGE CAPTURE REVIEW
6. MEDI-CAL TREATMENT AUTHORIZATION REQUEST (TARs) FOLLOW-UP PROCESS IMPROVEMENT
7. COMPREHENSIVE REVENUE CYCLE INDICATOR REPORT IMPLEMENTATION
8. RESEARCH OF ELECTRONIC TARs SUBMISSION FOR LAGUNA HONDA HOSPITAL
9. REAL-TIME ELIGIBILITY SCREENING IMPLEMENTATION FOR BEHAVIORAL HEALTH USING "HDX" OR SIMILAR SYSTEM



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Department of Public Health

1. Point-of-Service Collections

Issue and Recommendation

ISSUE:

- Many patient balances were being written-off to bad debt as San Francisco General Hospital and other community health services were not collecting patient-responsible amounts or point-of-service fees at the time of service.
- With the implementation of the new Healthy San Francisco program and its related point-of-service fee amounts, it is even more imperative that the Department of Public Health develop and implement a point-of-service collection policy.

RECOMMENDATION:

- Develop and implement a policy and process to collect patient-responsible amounts at the point-of-service, and train front-end staff with collection scripts and cash control procedures.

1. Point-of-Service Collections

Implementation Process and Outcome

IMPLEMENTATION PROCESS:

- Phase 2 Consulting worked closely with Department of Public Health and revenue cycle leadership to complete the following tasks:
 1. Determine which service areas would require the collection of patient-responsible co-payment amounts
 2. Determine how much the co-payment amount would be based on Federal Poverty Level sliding scales
 3. Develop and implement a point-of-service fee collections policy to address both existing Sliding Scale and Healthy San Francisco patients.

OUTCOME:

- San Francisco General Hospital implemented its point-of-service fee collections process in the fall of 2007, and developed a policy and grid that summarizes each point-of-service fee by service area (see Appendix 2 at page 27 for example).
- As part of the Revenue Cycle Indicator report, San Francisco General Hospital also started to track the collection of point-of-service fee collections by key location (see Appendix 3 at page 28 for example).
- Point-of-service fee collection amounts have increased from \$20,000/month in October 2007 to \$46,000/month in April 2008.

2. Emergency Triage Screening Process *Issue and Recommendation*

ISSUE:

- Several non-emergent patients were coming to the Emergency Department for treatment, creating increased cost and wait times from treating these non-emergent patients in the Emergency Room.
- Opportunity existed to implement a triage screening process in the Emergency Department to screen out non-emergent cases and re-direct them to urgent care or proper community clinic for treatment.
- Additionally, several patient-responsible balances were being written-off to bad debt as these amounts were not collected at the time of service.

RECOMMENDATION:

- Develop and implement a Qualified Medical Professional triage screening process in the Emergency Department to screen out non-emergent cases and re-direct them to urgent care or proper community clinic.
- Collect point-of-service fees from non-emergent patients who wish to still be treated in the Emergency Department.

2. Emergency Triage Screening Process *Implementation Process and Outcome*

IMPLEMENTATION PROCESS:

- Hospital Administration and Emergency Department leadership worked quickly to implement the triage screening process to identify non-emergent patients and re-direct them to the urgent care center or community clinic for appropriate treatment.

OUTCOME:

- The Emergency Department triage staff updated and implemented a nationally accredited 5 level triage screening process to determine whether a patient is emergent, urgent or non-emergent upon presentation at the Triage Screening area.
 - Levels 1-3 are assigned to patients who are emergent or urgent, with a level 1 designation being the most emergent type.
 - Levels 4-5 are assigned to patients who are non-emergent, with a level 5 designation being a non-emergent patient who is not presenting at the proper location for treatment.
- All level 4-5 patients are now given a few options which include:
 - Going to the Urgent Care Center to be treated at a lower cost and lower point-of-service collection fee (around \$20)
 - Making an appointment to see their primary care physician and/or visit some other type of community clinic
 - Pay a higher point-of-service collection fee (\$25-\$50) to stay and be treated in the Emergency Department and waiting behind other emergent patients, often for several hours.

2. Emergency Triage Screening Process

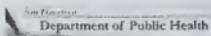
Additional Remaining Tasks

The following tasks are "next steps" to be implemented by the Emergency Department Work Group beyond completion of the Phase 2 engagement:

- The Emergency Department Work Group is still working with Department of Public Health administration to determine whether some Level 4 patients may need to stay and be treated in the Emergency Room, with or without ability to pay the point-of-service fee (this issue should be resolved by early June 2008).
- The Emergency Department Work Group is still in the process of developing and implementing a "Quick Reg" registration process to further enhance the triage screening and registration process.
 - This "Quick Reg" implementation process will continue to be developed and implemented by the Emergency Department Work Group after Phase 2 Consulting has completed its implementation work as of May 30, 2008.
 - This implementation process will be led by Bob Sypher, Angela Hackenschmidt, Omar Carvallo, Ed Ang and other group members, along with the assistance of Information Technology personnel.



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3. Strategic Pricing Analysis

Issue and Recommendation

ISSUE:

- Phase 2 Consulting noted that the Department of Public Health has historically implemented 10% price increases annually across all departments at San Francisco General Hospital. Strategic price increases in targeted areas with percent-of-charge reimbursement would better align the hospital's charge structure while providing additional reimbursement.

RECOMMENDATION:

- Develop and implement a strategic pricing alignment strategy to better align prices with the local market to enhance percent-of-charge reimbursement on non-contracted payers.



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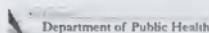
3. Strategic Pricing Analysis Implementation Process and Outcome

IMPLEMENTATION PROCESS:

- Phase 2 Consulting reviewed pricing at the procedural level, as well as separately benchmarked highly visible items (room and board rates, trauma services and high volume outpatient procedures) to comparable market facilities including: Alameda, UC Davis, Stanford, Santa Clara and Cal Pacific.
- Phase 2 Consulting developed strategic price changes for each charge code by department to better align prices and strategically increase prices for services that are reimbursed on a percent of charge basis.
- The benchmarking and cost comparison produced a significant increase in select procedures where San Francisco General was significantly undercharging for certain procedures and services.
- Charges with a high utilization of percent of charge reimbursement were targeted for a 15% increase while other charge items reimbursed at a fixed rate or fee schedule were decreased 5%.



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3. Strategic Pricing Analysis Implementation Process and Outcome

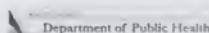
OUTCOME:

- Department of Public Health leadership and the Health Commission approved the proposed price increases in May 2008 to take effect July 1, 2008. The net impact of all of the combined pricing changes resulted in a 9.4% increase in total charges, and an additional \$7.4 million in net expected cash (see Appendix 4 at pages 29-31 for additional details).

Intensive Care	15%	Medical Surgical	15%
New Born	-10%	Pediatrics	10%
Semi-Intensive Care	15%	Psychiatric Forensic Inpatient - 7L	-10%
AIDS Unit - 5A	-10%	Psychiatric Inpatient	-10%
Chest-Pulmonary	15%	Stepdown Units	15%
Intensive Care	15%	Trauma Activation -Level 1	15%
Labor/Delivery - 6G	-10%	Trauma Activation -Level 2	15%
ED Level I	-5%	Cardiology	63%
ED Level II	-10%	MRI	15%
ED Level III	0%	Ultrasound	26%
ED Level IV	10%	CT	15%
ED Level V	10%	X-Ray	49%



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4. Accounts Receivable Follow-up *Issue and Recommendation*

ISSUE:

- Phase 2 Consulting noted the current accounts receivable follow-up process for San Francisco General Hospital was fairly manual as follow-up teams were not currently using automated accounts receivable workstations or any other automated follow-up processes.

RECOMMENDATION:

- Develop and implement a better automated account follow-up process using either the current system accounts receivable workstations, or the Accounts Receivable Management Tool implemented by Phase 2 Consulting at other client locations.
- Phase 2 Consulting performed a demo of its Accounts Receivable Management Tool where it was agreed that we would develop and implement this tool for San Francisco General Hospital.

4. Accounts Receivable Follow-up *Implementation Process and Outcome*

IMPLEMENTATION PROCESS:

- Phase 2 Consulting worked closely with Patient Accounts managers, follow-up clerks, and Information Systems staff to gain a detailed understanding of the Invision account worklist structure and replicate this structure in the new Accounts Receivable Management Tool.
- Phase 2 Consulting utilized Microsoft Access to build the Accounts Receivable Management Tool, worked with Information Systems staff to develop a "SQL" data source that feeds the Accounts Receivable Management Tool with the necessary data on a nightly basis.

OUTCOME:

- The Accounts Receivable Management Tool has now been implemented and is being used daily by follow-up staff (see Appendix 5 at pages 32-33 for example). Training was provided to all appropriate Patient Accounts managers and users on its functionality.
- Patient Accounts management now has the ability to provide follow-up staff with Excel-based accounts receivable worklists that can be sorted and manipulated to focus on accounts of highest balance and priority, and Management can produce these worklists almost instantly with the click of a button.

5. Medi-Cal Pharmacy Charge Capture Review *Issue and Recommendation*

ISSUE:

- Phase 2 Consulting conducted a review of Medicare Pharmacy charge capture and billing practices. No exceptions were noted from the Medicare review, but as Medi-Cal makes up a larger part of the overall payer mix, it was determined that the Medi-Cal Pharmacy charge capture and billing process should also be reviewed.

RECOMMENDATION:

- Phase 2 Consulting recommended the review of Medi-Cal pharmacy billing and reimbursement to also ensure pharmacy charges are being billed and reimbursed correctly.

5. Medi-Cal Pharmacy Charge Capture Review *Implementation Process and Outcome*

IMPLEMENTATION PROCESS:

- Phase 2 Consulting obtained a copy of current Pharmacy Chargemaster, along with the list of drugs that are reimbursed Medi-Cal and performed the following review:
 - Reviewed in detail the Medi-Cal reimbursement billing requirements related to Pharmacy charges, and compared billing and dispersion units per the hospital pharmacy Chargemaster Description to the Medi-Cal pharmacy reimbursement schedule.
 - Determined whether current pharmacy charge entry units and billing process for Medi-Cal accounts is appropriate, and whether pharmacy charges for Medi-Cal accounts are being properly reimbursed by the State.

OUTCOME:

- Medi-Cal requires that the hospital bill in accordance with the "non-rounded" pharmacy unit of measure, for which Medi-Cal then reimburses the hospital according to the number of units the hospital actually billed.
- As such, no additional conversion factors are required and it appears that San Francisco Department of Public Health is properly capturing and billing Medi-Cal Pharmacy amounts.

6. Medi-Cal Treatment Authorization Request Follow-Up Process *Issue and Recommendation*

ISSUE:

- Phase 2 Consulting conducted a review of San Francisco General Hospital's pending Treatment Authorization Request (TAR) follow-up process between Utilization Review team and Medical Records.
- We noted that manual processes and lack of better structured tracking lists contributed to additional lag-time in the TARs approval and payment process, and that developing better automated and prioritized Pending TARs follow-up tools would allow the hospital to enhance cash flow from faster conversion and payment.

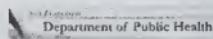
RECOMMENDATION:

- Phase 2 Consulting recommended working with Utilization Review and Medical Records to develop and implement a better prioritized and automated follow-up tool to ensure more timely turnaround of Medi-Cal Treatment Authorization Requests to provide payment in a more timely manner.



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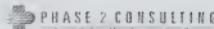
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6. Medi-Cal Treatment Authorization Request Follow-Up Process *Implementation Process and Outcome*

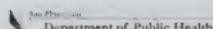
IMPLEMENTATION PROCESS:

- Phase 2 Consulting met with Medical Records and Utilization Review leadership and staff to understand the current process used to follow-up on pending Treatment Authorization Requests (TARs).
- Phase 2 Consulting learned that the State Medi-Cal Reviewer comes on-site to review and approve each Medi-Cal TAR and requires that patient charts and other documentation be available in order to review and approve each TAR for payment.
- Phase 2 Consulting noted that one of the key bottlenecks in the process occurred in the "tracking" of patient charts that had been requested from Medical Records to be sent to Utilization Review as part of the pending TAR approval process.
- Phase 2 Consulting worked with Medical Records and Utilization Review to create a numbered code process that would be entered into the Utilization Review system to note where in the process the Medical Records chart was.



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Improving Health Care Quality

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6. Medi-Cal Treatment Authorization Request Follow-Up Process *Implementation Process and Outcome*

OUTCOME:

- Medical Records and Utilization Review are now utilizing the newly implemented numbered code process in the Utilization Review system to better track the chart request process required to expedite the Treatment Authorization Request (TAR) approval process.
- The following list is an example of the numbered codes used to track the patient's chart through the TAR approval process:
 - 1 = The patient chart has been requested by Utilization Review
 - 2 = Medical Records has pulled the chart and sent to Utilization Review
 - 3 = Utilization Review has received the chart from Medical Records
 - 4 = The chart has been reviewed and was sent back to Medical Records
 - 5 = The chart was received by Medical Records. Process is complete.

7. Revenue Cycle Indicator Report *Issue and Recommendation*

ISSUE:

- Key revenue cycle directors and managers are using various separate tracking reports to provide revenue cycle related indicators, but no comprehensive indicator report is used to track and monitor all key revenue cycle indicators throughout the entire system.

RECOMMENDATION:

- Develop and implement a comprehensive indicator report to provide a comprehensive snapshot of key revenue cycle indicators on a timely basis.

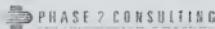
7. Revenue Cycle Indicator Report *Implementation Process and Outcome*

IMPLEMENTATION PROCESS:

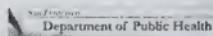
- Phase 2 Consulting worked with key departments throughout the organization to identify and obtain all of the identified data for San Francisco General Hospital and Laguna Honda Hospital to populate the indicator report with the historical data back to the beginning of the current fiscal year.
- The appropriate recipient groups for San Francisco General Hospital and Laguna Honda Hospital were identified, in-service meetings were held to familiarize the groups with the report elements, and an analyst was identified who will maintain and update the Revenue Cycle Indicator Report on an on-going basis.

OUTCOME:

- The Revenue Cycle Indicator Report is now being generated each month by the Patient Financial Services analyst (see Appendix 6 at page 34 for example).
- The report will be distributed by email each month to the intended recipients at San Francisco General Hospital and Laguna Honda Hospital to provide key decision makers at both hospitals with a comprehensive overview of volume, revenue, cash, and accounts receivable outcomes so effective decisions can be made based on these collective indicators.



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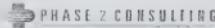
8. Research of Electronic Treatment Authorization Request Submission for Laguna Honda Hospital Issue and Recommendation

ISSUE:

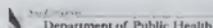
- Phase 2 Consulting noted that Laguna Honda Hospital was not utilizing the electronic submission of its Treatment Authorization Requests as these TAR forms were being mailed to the State.

RECOMMENDATION:

- Laguna Honda Hospital should research the opportunity to utilize the electronic submission process for Treatment Authorization Requests, and evaluate software options that may improve Treatment Authorization Request tracking that interface with billing systems.



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8. Research of Electronic Treatment Authorization Request Submission for Laguna Honda Hospital Implementation Process and Outcome

IMPLEMENTATION PROCESS:

- Phase 2 Consulting met with Laguna Honda Hospital staff and went through the entire process, including all forms and documentation, currently required as part of the submission process that must be sent to the Medi-Cal office in San Bernardino, California for approval.
- We noted the State Medi-Cal office currently requires the submission of several paper copies of patient charts and several other manual and paper-based forms in addition to the Treatment Authorization Request.

OUTCOME:

- It has been determined that due to the large amount of manual attachments and paper forms that have to accompany the Treatment Authorization Requests (TARs) that are submitted to the State, it currently does not create much efficiency to utilize the electronic submission of TARs that have to be manually submitted with attachments anyway.



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9. Real-Time Eligibility Screening for Behavioral Health Issue and Recommendation

ISSUE:

- Opportunity existed to further reduce non-payments from insurance companies by providing scheduling and registration staff access to a real-time eligibility screening system to provide the ability to determine whether or not the patient has active insurance coverage.

RECOMMENDATION:

- Behavioral Health services should analyze the cost and viability of implementing the HDX real-time eligibility screening tool, and if the estimated increased revenue and decreased write-off benefits of utilizing the HDX eligibility system significantly exceeds the estimated costs to implement and use the system, the tool should be implemented.



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Department of Public Health

9. Real-Time Eligibility Screening for Behavioral Health *Implementation Process and Outcome*

IMPLEMENTATION PROCESS:

- Phase 2 Consulting and Community Behavioral Health Services (CBHS) convened a taskforce group to identify and obtain the necessary information to determine, 1) what is the current volume of patient registrations to identify what the usage would be, and 2) determine the cost effectiveness and viability of using the HDX eligibility system based on CBHS client volume.
- The taskforce group determined that the increased revenue and decreased write-off benefits of utilizing the HDX eligibility system significantly exceeded the estimated costs to implement and use the system, and approval was given to move forward with the implementation of the HDX tool.

OUTCOME:

- CBHS and Siemens are currently working on implementation of the HDX eligibility screening tool. The plan is to have testing of the system begin in early June 2008, with a full "go-live" of the HDX system for scheduling and registration staff by the end of June 2008.
- CBHS staff will be able to screen clients and verify if they have Medicare, Medi-Cal and/or other insurance coverage at the time of scheduling and/or registration. Accurate coverage information will also enhance the efforts to accurately bill and follow-up on accounts, thus maximizing revenue, minimizing write-offs, reducing account re-work, and maximizing efforts & resources.



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Appendix 1
Implementation Work Plan



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Appendix 2 Point-of-Service Fees by Location

Service/Billing DESCRIPTION	Std. Scale 10% + 20% Co-Pay?	HSP 5-10% Co-Pay?	HSF 10% + Co-Pay?	HSF 10% + Co-Pay?	HSF 10% + Co-Pay?
ED- Level 1-Emergency	No	No	No	No	No
ED- Level 2-Emergency	No	No	No	No	No
ED- Level 3-Emergency	No	No	No	No	No
ED- Level 4-Non-Emergency Refer to PCP	Yes \$50	Yes \$25	Yes \$50	Yes \$50	Yes \$50
ED- Level 5-Non-Emergency Refer to PCP	Yes \$50	Yes \$25	Yes \$50	Yes \$50	Yes \$50
AJ-Adult Urgent Care Level 1-Urgent	No	No	No	No	No
AJ-Adult Urgent Care Level 2-Urgent	No	No	No	No	No
AJ-Adult Urgent Care Level 3-Urgent	No	No	No	No	No
AJ-Level 4 Fast Track/Same day- Urgent	No	No	No	No	No
AJ-Level 4 Non-Urgent Refer to PCP	Yes \$25	Yes \$25	Yes \$25	Yes \$25	Yes \$25
AJ-Level 5 Non-Urgent Refer to PCP	Yes \$25	Yes \$25	Yes \$25	Yes \$25	Yes \$25
1M-Behavioral Medicine Specialty	Yes \$10	No	Yes \$20	Yes \$50	Yes \$50
1M-Cardiology Clinic Med Specialty	Yes \$20	No	Yes \$20	Yes \$50	Yes \$50
1M-Cardiology/Pacemaker Clinic	Yes \$20	No	Yes \$20	Yes \$50	Yes \$50
1M-Dermatology Clinic Med Specialty	Yes \$20	No	Yes \$20	Yes \$50	Yes \$50
1M-MGMC Primary Care	No	No	Yes \$10	Yes \$20	Yes \$20
1M-Musculoskeletal Med Specialty	Yes \$20	No	Yes \$20	Yes \$50	Yes \$50
1M-Pulmonlogy Clinic Med Specialty	Yes \$20	No	Yes \$20	Yes \$50	Yes \$50
Ase-3M Acute Care Emergency	Yes \$20	No	Yes \$20	Yes \$50	Yes \$50
Ase-3M Diabetes Foot/Podiatry Surg Spec	Yes \$10	No	Yes \$20	Yes \$50	Yes \$50
Ase-3M Hand Clinic Surg Spec	Yes \$20	No	Yes \$20	Yes \$50	Yes \$50
Ase-3M Ortho Clinic Surg Spec	Yes \$20	No	Yes \$20	Yes \$50	Yes \$50
Ase-3M Plastic Clinic Surg Spec	Yes \$20	No	Yes \$20	Yes \$50	Yes \$50
Ase-3M Prosthetics Surg Spec	Yes \$20	No	Yes \$20	Yes \$50	Yes \$50
Ase-3M Sports Med/Joint Clinic Surg Spec.	Yes \$20	No	Yes \$20	Yes \$50	Yes \$50
Ase-3M Trauma Surgical Spec	Yes \$20	No	Yes \$20	Yes \$50	Yes \$50
Acc-2M Acute Care Emergency	Yes \$20	No	Yes \$20	Yes \$50	Yes \$50
CAD-Cardiac Diag. Exercise Stress Test	Yes \$20	No	Yes \$20	Yes \$50	Yes \$50
CAD-Cardiac Diagnostic EG	Yes \$20	No	Yes \$20	Yes \$50	Yes \$50
CAD-Cardiac Diagnostic Ultrasound	Yes \$20	No	Yes \$20	Yes \$50	Yes \$50
CAD-Cardiac Diagnostic Cath Lab EG	Yes \$20	No	Yes \$20	Yes \$50	Yes \$50
CAD-Cardiology Diagnostic Echo	Yes \$20	No	Yes \$20	Yes \$50	Yes \$50
CAD-Radiopisotopes	Yes \$20	No	Yes \$20	Yes \$50	Yes \$50
Come & Go Surgery, GA or Homeless	No	No	No	No	No
Come & Go Surgery 0% -100% FPL	No	No	N/A	N/A	N/A
Come & go Surgery 101%-400% FPL	No	N/A	Yes \$100	N/A	N/A
Come & go Surgery 500% & Over FPL	N/A	N/A	Yes \$200		

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Appendix 3 Point of Service Collections Tracking

Community Health Network SF City Medical Center Summary of HSP and Billing Scale Co-Pay collection									
Control Accounts	July'07-Oct'07	August'07	September'07	December'07	January'08	February'08	March'08	April'08	Total
Billing Scales									
Urgent Care	\$ 100.00	\$ -	\$ -	\$ 140.00	\$ 200.00	\$ 80.00	\$ 40.00	\$ 580.00	
Emergency	-	-	-	-	-	50.00	50.00	50.00	\$ 150.00
Radiology	-	-	-	-	745.00	-	450.00	450.00	\$ 1,645.00
Lab & Reg Speciity	8,240.00	8,140.00	8,030.00	10,870.00	7,510.00	6,870.00	4,000.00	5,432.00	
CME	35.00	175.00	715.00	1,015.00	20.00	10.00	80.00	800.00	\$ 1,600.00
Sub Total - SS	\$ 8,275.00	\$ 8,255.00	\$ 8,045.00	\$ 11,165.00	\$ 8,680.00	\$ 8,680.00	\$ 5,772.00	\$ 47,780.00	
Health San Francisco - HSP Prog.									
HSP- Primary Care	\$ -	\$ -	\$ -	\$ 340.00	\$ 670.00	\$ 1,220.00	\$ 1,810.00	\$ 4,640.00	
HSP- Radiology	-	-	-	-	-	-	-	-	\$ 0.00
HSP- Urgent Care	-	-	-	-	-	-	80.00	200.00	\$ 280.00
HSP- Radiology	-	-	-	-	120.00	140.00	440.00	440.00	\$ 1,040.00
HSP- Specialty Care	-	-	-	-	780.00	2,430.00	4,910.00	8,995.00	\$ 15,115.00
HSP - COPC	-	-	-	-	40.00	510.00	230.00	1,410.00	\$ 2,190.00
Sub Total - HSP	\$ -	\$ -	\$ -	\$ 1,390.00	\$ 3,730.00	\$ 6,680.00	\$ 10,775.00	\$ 27,996.00	
Total - SS/HSP	\$ 4,374.00	\$ 8,218.00	\$ 8,695.00	\$ 12,446.00	\$ 12,436.00	\$ 13,748.00	\$ 16,944.00	\$ 70,294.00	
Pharmacy Rx Med Co-Pay									
Pharmacy Rx Med OTG	\$ 73,405.00	\$ 18,972.00	\$ 20,849.00	\$ 33,238.00	\$ 24,638.00	\$ 25,212.00	\$ 29,748.00	\$ 263,036.00	
Grand Total - Rx Rx/Rx/Rx	\$ 73,405.00	\$ 20,247.00	\$ 37,214.00	\$ 10,430.00	\$ 48,094.00	\$ 1,043.00	\$ 43,438.00	\$ 45,812.00	\$ 324,711.00
PHS COPC - Health Center Summary									
Calie Town	\$ -	\$ 30.00	\$ 270.00	\$ 200.00	\$ 710.00	\$ 1,270.00			
Silver Avenue	-	10.00	20.00	30.00	-	-			
Glendale	-	-	40.00	40.00	40.00	40.00			
C-Asian Mission	-	-	-	-	-	-	10.00	10.00	
Marine Hill	-	-	-	-	-	-	10.00	10.00	
Total	\$ -	\$ 42.00	\$ 610.00	\$ 130.00	\$ 1,170.00	\$ 1,270.00			

C:\Documents and Settings\Public\My Documents\Community Health Network\PHS COPC\Health Center Summary.xls

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Appendix 4

Strategic Pricing Increases

- The net impact of all of the combined pricing changes resulted in a **9.4% increase in total charges**, and an additional **\$7.4 million in net expected cash**.

	CURRENT	PROPOSED	VARIANCE	INCREASE IN CHARGES	INCREMENTAL CASH
Inpatient	825,304,108	902,263,289	76,959,181	9.3%	7,872,489
Outpatient	241,883,312	266,538,993	24,655,681	10.2%	389,400
ED	96,474,786	103,804,893	7,330,107	7.6%	979,425
	\$ 1,163,662,206	\$ 1,272,607,175	\$ 108,944,969	9.4%	\$ 9,241,313
					\$ 7,393,050

Total Charge Increase

Incremental annual cash based on portion of charges subject to percent of charge reimbursement

Source: San Francisco General Revenue Usage Database, 12 months ending 6/30/2007

Appendix 4

Strategic Pricing Increases

Charge increase summary

	CURRENT CHARGES	PROPOSED CHARGES	VAR (\$)	VAR (%)
IP MCARE	131,095,431	148,224,008	17,128,577	13.1%
IP M-CAL	254,124,331	284,264,733	30,140,402	11.9%
IP COMM	53,439,575	61,312,064	7,872,489	14.7%
IP OTHER	386,644,770	408,462,484	21,817,714	5.6%
OP MCARE	39,797,027	43,577,370	3,780,343	9.5%
OP M-CAL	64,638,894	71,000,445	6,361,551	9.8%
OP COMM	2,716,327	3,105,727	389,400	14.3%
OP OTHER	134,731,063	148,855,451	14,124,388	10.5%
ER MCARE	8,564,383	9,351,058	786,675	9.2%
ER M-CAL	14,665,089	15,809,024	1,143,935	7.8%
ER COMM	8,446,687	9,426,312	979,425	11.6%
ER OTHER	64,798,427	69,218,499	4,420,072	6.8%

	CURRENT	PROPOSED	VARIANCE
Inpatient	825,304,108	902,263,289	76,959,181
Outpatient	241,883,312	266,538,993	24,655,681
ED	96,474,786	103,804,893	7,330,107
	\$ 1,163,662,206	\$ 1,272,607,175	\$ 108,944,969
			9.4%

Source: San Francisco General Revenue Usage Database, 12 months ending 6/30/2007

Appendix 4 Strategic Pricing Increases

Incremental Net Revenue (Cash) based on charges effected

	<u>INCREMENTAL CHARGES</u>		<u>INCREASE IN CHARGES</u>	<u>PCR%¹</u>	<u>EST. CASH</u>
IP MCARE					
IP M-CAL					
IP COMM	7,872,489	100%	7,872,489	80%	6,297,991
IP OTHER					
OP MCARE					
OP M-CAL					
OP COMM	389,400	100%	389,400	80%	311,520
OP OTHER					
ER MCARE					
ER M-CAL					
ER COMM	979,425	100%	979,425	80%	783,540
ER OTHER					
	<u>CHARGES EFFECTED</u>		<u>CHARGE BASED</u>	<u>PCR%</u>	<u>CASH</u>
Inpatient	7,872,489		7,872,489		6,297,991
Outpatient	389,400		389,400		311,520
ED	979,425		979,425		783,540
	\$ 9,241,313		\$ 9,241,313		\$ 7,393,050

¹PCR = Estimated Payment Realization Rates for 12 months ending June 2007
 Source: San Francisco General Revenue Usage Database, 12 months ending 6/30/2007



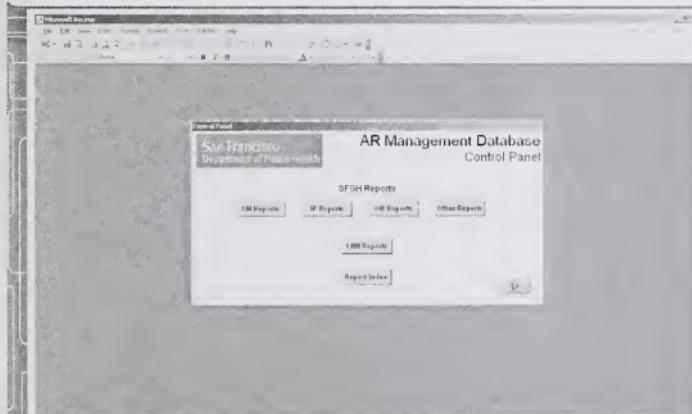
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Appendix 5 Accounts Receivable Management Tool



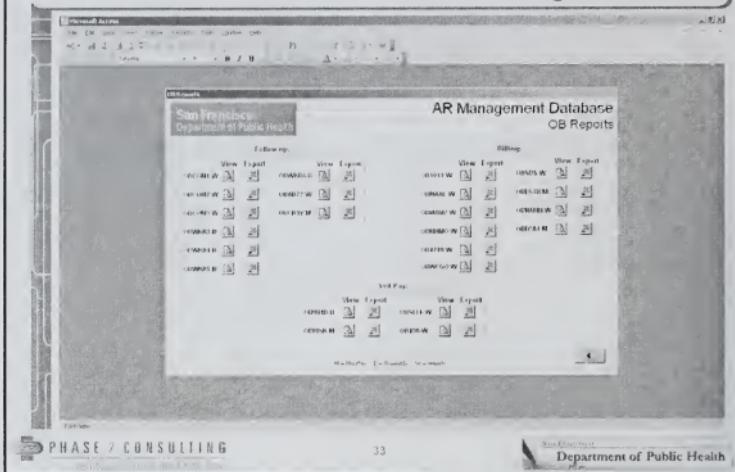
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Appendix 5
Accounts Receivable Management Tools



Appendix 6
Revenue Cycle Indicator Report

